



2007 Farm Bill Forum

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Secretary Johanns,

My name is Art Schultheis and I farm 1100 acres, 90 miles south of here, near Colton, Washington. I am a 5th generation farmer, returning to the farm in 1983 after college. I am also the chairman of the Washington State Turfgrass Seed Commission. The past 3 years, I have enjoyed some of my best crop yields ever. However, financially I am struggling. There are problems in the agriculture community and it is time that we address them.

We are now competing in a world market and we need to be playing on a level field with our competitors. I recently read an editorial in a farm magazine from a 2000-acre farmer from Cambridge in the United Kingdom. This year he will bank \$240,000 in government payments in a combination of support and conservation payments. That is \$140/acre. On my farm this year, my government payments will total about \$30/acre. How in the world can I compete against this! Now is not the time to be considering cutbacks in farm program payments. Other countries revere their farmers, as they know where their food needs to come from. There are some in our country that believe our farmers are expendable. It would be disastrous to ignore the growing problems in the agriculture industry.

Payments for conservation practices to reduce soil erosion should be increased. The only way to convince the American people that food produced in USA is worth supporting is to convince them that they are also being rewarded by increased environmental awareness. Conventional and full tillage practices should not be supported with government payments. The Conservation Security Program (CSP) should be fully funded by the Congress. To only offer this program to certain identified watersheds creates an uneven playing field amongst neighboring farmers. Conservation payments can be constructed in such a way as to comply with WTO regulations.

Payments for the Conservation Reserve Program (CRP) need to be reduced on a per acre basis. As a farmer who wants to expand his operation, I have to compete against the federal government that is paying 10-20% more per acre to retire the land to grass, than what local cash rents are being paid to raise a crop. Additional land that is accepted into CRP should also be limited to 25% of the total cropland on each farm. This would allow the most erodible land to be enrolled into grass and wildlife habitat, while leaving the remaining 75% of the most productive land available for tenants to farm. CRP should not be a retirement tool for those wanting to leave agriculture.

Direct payments need to be more fairly distributed. My direct payment is based on a 76 bu./acre wheat yield established by my father in 1980. The development of newer wheat varieties and direct-seeding techniques that I have adopted has boosted my latest 3-year average wheat yield to 105 bu./acre. For the 2007 farm bill we need to be able to update our yields, to better reflect what is happening down on the farm.

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Due to the fact that we have raised bluegrass seed as a conservation tool since the mid-1960's, and bluegrass is a non-program cropping wheat base acres are only about 40% of my total cropland acres. I have neighboring farms that have wheat bases that are 65-75% of their total cropland acres because they planted more wheat in the years that wheat bases were established. Program crop base acres should be changed to a percentage of total cropland acres that is the same for all growers, to more fairly distribute direct payments.

Another discrepancy within the government farm program is the unequal loan price support between the different varieties of wheat. Our soft white wheat's loan price is 50 cents below hard red winter wheat and 66 cents below hard red spring wheat. Can anyone justify the reason behind this? This inequity is forcing farmers on the Palouse to raise varieties of wheat that may not necessarily be of the best quality, just because the loan economics are better.

As a farmer, I am unable to pass the ever-increasing input price of diesel fuel on to my customers, while absorbing everyone else's fuel surcharges, from the local delivery company supplying my inputs, to the barge and trucking companies that move my product to market. We have an opportunity to develop a locally grown supply of biodiesel and the government needs to fully support this development.

I see three things that are needed that will help this fledging industry.

- 1. An incentive program for farmers to grow oilseed crops at a profit to supply the crushing plants.
- 2. Tax credits for those willing to invest in the infrastructure needed to supply product.
- 3. Research dollars to continue vital programs at our local universities to develop higher yielding crop varieties and production strategies to raise oilseed crops.

I appreciate the opportunity to express some of my thoughts with you today. We have many challenges ahead of us. My hope is that in this time of exploding deficits and needed spending on natural disasters, the government does not turn its' back on the American farmer. We surely do not want to rely on an imported food supply, as we now do for our fuel supply.

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